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2004 ANNUAL REPORT



eldorado gold

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Nothing speaks more clearly than accomplishment. In this report, we look at the success of Kisladag. How it was achieved. And why it suggests great things for our future.



Cover: Kisladag Mine (spring 2005), showing temporary office complex and roads.

The making of a mine.

# Kisladag

- 01 Exploration
- 02 Project development
- 03 Permitting
- 04 Construction
- 05 Production



## Production Highlights <sup>1</sup>

	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Fourth Quarter 2004	Fourth Quarter 2003	2004	2003
<b>GOLD PRODUCTION</b>							
Ounces Produced	21,158	18,007	21,399	21,460	23,119	82,024	95,049
Cash Operating Cost (\$/oz) <sup>5</sup>	276	303	295	306	245	294	234
Total Cash Cost (\$/oz) <sup>2,5</sup>	284	310	303	313	252	302	241
Total Production Cost (\$/oz) <sup>3,5</sup>	341	376	348	367	386	358	364
Realized Price (\$/oz – sold) <sup>4</sup>	408	396	400	430	390	409	361
<b>SÃO BENTO MINE, BRAZIL</b>							
Ounces Produced	21,158	18,007	21,399	21,460	23,119	82,024	95,049
Tonnes to Mill	90,586	84,595	100,703	90,845	93,705	366,729	374,130
Grade (grams/tonne)	8.18	8.37	8.27	8.80	8.72	8.40	9.13
Cash Operating Cost (\$/oz) <sup>5</sup>	276	303	295	306	245	294	234
Total Cash Cost (\$/oz) <sup>2,5</sup>	284	310	303	313	252	302	241
Total Production Cost (\$/oz) <sup>3,5</sup>	341	376	348	367	386	358	364

<sup>1</sup> Cost figures calculated in accordance with Gold Institute Standard.

<sup>2</sup> Cash Operating Costs plus royalties and the cost of off-site administration.

<sup>3</sup> Total Cash Cost plus foreign exchange gain or loss, depreciation, amortization and reclamation expenses. Total Production Costs for 2003 have been revised to include Section 3110 of the Canadian Institute of Chartered Accountants (CICA 3110-Asset Retirement Obligation).

<sup>4</sup> Excludes amortization of deferred gain or loss.

<sup>5</sup> Cash operating, total cash and total production costs are non-GAAP measures that do not have any standardized meaning as prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other entities. Please see the section "Non-GAAP Measures" in the MD&A.

Eldorado Gold Corporation is an international gold producing company actively growing businesses in Brazil, Turkey and China. We have more than 6.15 million ounces of proven and probable gold reserves and 9.16 million ounces of measured and indicated resources and 1.58 million ounces of inferred resources. We have no debt, are unhedged and are well positioned to experience continued growth in value as we advance our current projects and pursue new opportunities. Our shares trade on the Toronto Stock Exchange under the symbol ELD and on the American Stock Exchange under the symbol EGO. ELD is on the S&P/TSX Gold Index and EGO is on the AMEX Gold BUGS index.



### Brazil

With its current reserves, our São Bento mine will continue to produce until 2008. In 2005, we are forecasting production of 72,000 ounces of gold at a cash cost of \$320 per ounce. Brazil has many promising exploration opportunities and we plan to use our Brazilian experience to take advantage of them.

### Turkey

Over a period of nine years, we have advanced Kisladag from greenfield exploration through to production. Kisladag is a model for how we will advance other projects. Now that mine construction is underway, we are allocating resources to Efemçukuru, a project in western Turkey with proven and probable reserves of 1,856,000 tonnes at 13.14 grams per tonne. In addition to Efemçukuru, we are pursuing other projects in Turkey.

### China

We believe that there is strong potential for developing superior quality prospects in China. Our goal is to develop a growing presence in the country by establishing a strategic partnering relationship with a Chinese public or private company to acquire advanced-stage development projects or operating mines. We made good progress on this strategy in 2004 by setting up an office in Beijing and signing a Memorandum of Understanding with Shandong Gold Corporation.



# 01 Exploration.

In 1996, it was a promising area. By 2006, it will be Turkey's largest producing gold mine. Our ability to take Kisladag from grassroots exploration through to production says much about our persistence, expertise and capabilities.



## Highlights

1996

Stream sediment sampling, geochemical soil sampling and geophysical surveys identify a gold anomaly at Kisladag.

1998

A core drilling and trenching program extends the strike length and depth of the Kisladag deposit.

2000

A reverse circulation drill program significantly increases the tonnage of the deposit.

2002

A 19,700 meter drilling program delineates the outer boundary of the deposit.

It's a methodical process. You start with the big picture and move down to the specifics. We started by taking a closer look at satellite images of Kisladag that revealed two promising volcanic centres. We then narrowed our focus to identify alteration zones. Our geologists sampled stream sediments and found minute amounts of gold. So we sampled the soil over the fields and forested areas of the site, which enabled us to begin forming a view of the deposit. We dug trenches and identified promising anomalies. We drilled holes. And then we drilled more holes. Each stage in the process confirmed the validity of our initial hunch – and built a more complete picture of the size of the deposit. Over a period of seven years, we identified and defined a measured and indicated resource of 7.19 million ounces. When it begins producing gold in late 2005, Kisladag will be Turkey's largest producing gold mine – a remarkable achievement for a small team of geologists from Turkey and Canada.

## The ability to see value.

### Beyond Kisladag

We are actively exploring in other areas where we believe there is significant geological potential. In Turkey, we've built up an extensive land position in the Western Pontides, the Demir Joint Venture area and the Biga Peninsula. And just as at Kisladag, we are actively identifying alteration zones, sampling, trenching and drilling. We'll spend just under \$2 million on this work in 2005.

In Brazil, we'll be investing approximately \$4 million in 2005 on exploration projects at Tartarugalzinho, Cassipore and other highly prospective projects. China also represents a significant opportunity. In January 2005, we signed a Memorandum of Understanding with Shandong Gold Corporation outlining possible joint ventures on one advanced exploration property and two development projects.



## 02 Project Development.

Project development combines skills in both hard engineering – the nuts and bolts of designing a mine – and soft engineering, or working to ensure the final design takes into account the needs of a project's many stakeholders.



Top, pre-production mine development. Bottom left, Túprag team reviewing land maps. Bottom right, Dale Churcher, Manager, Project Development, examining geotech core at Kisladag.

### Highlights

2000

We conduct a scoping study with Kilborn to evaluate alternative process design options and production scenarios.

2001

In partnership with Kilborn, we complete a Pre-Feasibility Study.

2003

We complete a Feasibility Study with Hatch Associates.

2004

A Feasibility Study Cost Update reflects the technical and economic conditions going forward into mine construction.



Once we've identified a resource, we need to assess the best way to maximize its value. So we study it from both an engineering and economic perspective to assess the type of mine best suited to the resource. At Kisladag, it was clear that an open pit mine with heap leach gold recovery was the best way to extract the ore. Over the past four years, we've fine-tuned the design and technical specifications of the mine to reflect changes in market and regulatory conditions. As described in the Feasibility Study prepared in association with Hatch Associates, the ore will be processed in a standard heap leach facility containing a three-stage crushing circuit, an overland conveyor to the heap leach pad, mobile conveyors and a stacker for placing the ore, and a carbon adsorption facility for recovering the gold.

## The ability to engineer.

### Project development at Efemçukuru

We completed a full Pre-Feasibility Study at Efemçukuru in early 1999 that takes into account previous engineering work and extensive metallurgical testing. The Study describes an 800 tonne per day underground mine.

Plans are for a state of the art operation, using advanced techniques.

*For a detailed look at Efemçukuru, see page 18.*

### 03 Permitting.

Wherever the jurisdiction, all proposed mines are subject to a complex range of permitting requirements from various local, provincial and national government agencies. We received all necessary permits for our Kisladag mine in the third quarter of 2004 – enabling us to proceed with mine construction.



	1999	2002	2003	2004
Highlights	We receive the Site Selection Permit at Kisladag, confirming there are no development conflicts in the proposed project area.	We submit our Environmental Impact Assessment study to the Ministry of Environment and Forestry.	We receive the Environmental Positive Certificate from the Ministry of the Environment and Forestry and the Mining Operation License from the Ministry of Energy and Natural Resources.	We receive the Establishment Permit from the Ministry of Public Health and a Construction Permit from the Ministry of Public Works and Settlement.

Top, Governor of Usak Province, Governor Ali Fuat Güven and Eldorado Gold President & CEO Paul Wright at dedication of village water system.  
Bottom, Eldorado Gold meets with Turkish Prime Minister, Recep Tayyip Erdogan.



In 1999, we received the first of the permits we'd need to construct our mine at Kisladag. Over the next five years, we obtained all remaining permits – including the Site Selection Permit, the Environmental Positive Certificate from the Ministry of Environment and Forestry, the Establishment Permit from the Ministry of Public Health and the Construction Permit from the Ministry of Public Works and Settlement. Throughout the permitting process, we have been honest, open and transparent about the mine development process and our understanding of the project's environmental, social and economic impacts. Establishing successful relationships with everyone from local villagers through to government officials has been key to facilitating the permitting process. In the third quarter of 2004, we received all final permitting needed to begin constructing the mine.

## The ability to exceed requirements.

### Advancing permitting at Efemçukuru

The Turkish government modified its mine permitting process in July 2004 to streamline the procedure and provide an adjudicative step to resolve any conflicting regulations. The Ministry of Environment and Forestry is responsible for granting the EIA Positive Certificate and the Site Selection and Establishment Permit is authorized by the Ministry of

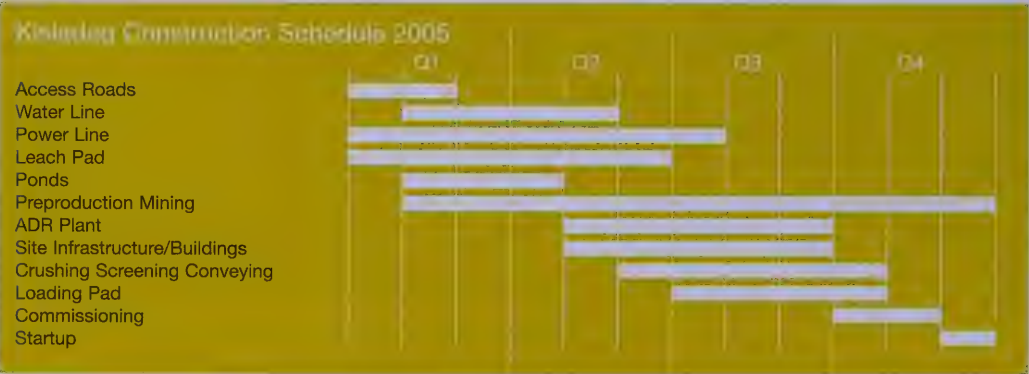
Public Health. We completed our Environmental Impact Assessment study at Efemçukuru in April 2005.

Once we receive the Environmental Positive Certificate we will prepare a Feasibility Study.

*For a detailed look at Efemçukuru, see page 18.*

# 04 Construction.

Construction at Kisladag is on schedule and on budget. Anticipated to take 15 months from start to finish, the mine construction phase will be complete by the end of 2005. Our team in Kisladag is expanding and we are currently hiring and training people to construct and operate the mine.



## Highlights

2004

We receive the Construction Permit.

2004

We begin installing site services at Kisladag.

2005

Mine construction underway.

Left and top right, mine access road construction. Bottom right, mine contractor office.



We began installing site services at Kestadağ in late 2004, including the site access road, a high voltage power line and two process water wells. In 2005, we'll complete all civil and concrete work, prepare for the delivery and installation of the crushers and conveyors, and commission the site for startup by the end of 2005. In the second year of operations, we will commission additional crushers to increase production throughout to 10 million tonnes annually.

# The ability to build.

## Building our team

We've hired excellent people to oversee the construction and operation of the Kestadağ mine. In Turkey, we've expanded our team considerably, bringing on a mine manager, process manager and general manager as well as other staff and workers. Within

the mine is producing at maximum capacity, we will employ over 550 people at Kestadağ, the majority from the surrounding area.

# 05 Production.

Our Kisladag mine will begin producing gold in late 2005. Based on our extensive production experience, we are confident in our ability to maximize the value of the mine for our shareholders and to bring economic and social benefits to the surrounding community.



First mine blast.

## Highlights

2005

Start-up production



Klondag will begin producing gold at a rate of 164,000 ounces in its first year. In the second and subsequent years of operation, the mine will produce 240,000 ounces of gold at a cash cost of approximately \$165 per ounce. The estimated mine life is 14 years.

## The ability to deliver.

### São Bento – our producing mine in Brazil

Since 1956, we have owned and operated the São Bento mine in Brazil, which has produced more than 1.6 million ounces of gold over the life of the mine. Over the past eight years, we have invested significantly in improvement programs at São Bento, including mine mechanization, plant expansion and upgrading and deepening the shaft. With current reserves, we believe the mine will continue to produce until 2008.

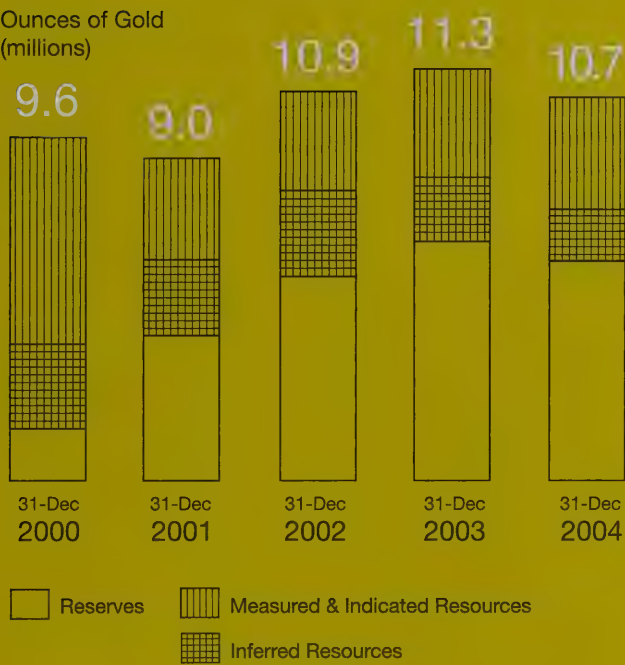
São Bento also exemplifies our commitment to the communities where we operate. The mine has created 700 direct and 200 indirect jobs in the region, making us the fifth-largest gold company in the country. In August, we won an Environmental Preservation Award recognizing our environmental management program, which includes the creation of a 160-hectare protected park area on the mine site.

We create value – for our shareholders, our employees and the communities where we operate.

Our focus is on sustainable growth. Through persistence and discipline, we carefully analyze opportunities and pursue those that we believe will add value over the long term.

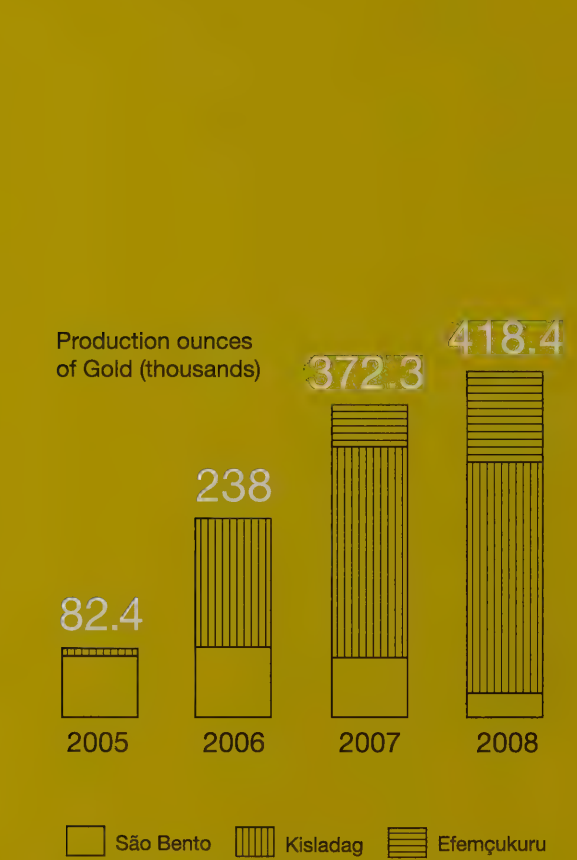


# Reserves and Resources.

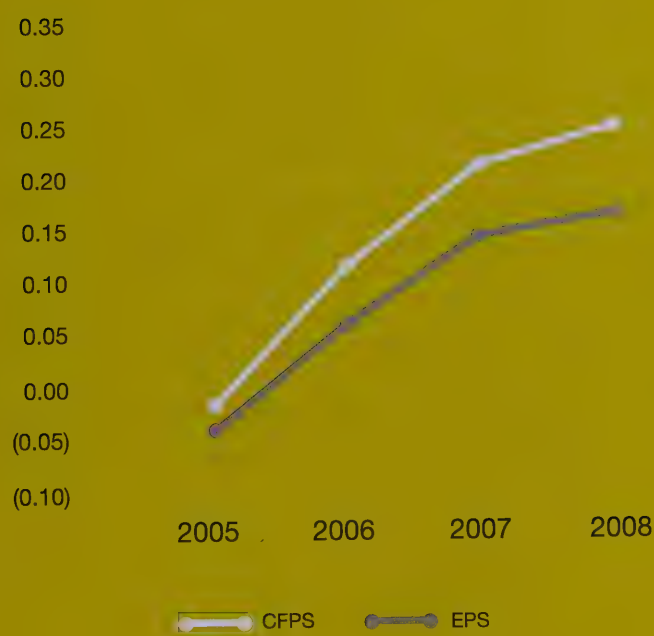


1 Gold prices used for reserves were \$375/oz. for São Bento, \$350 for Kisladag, and \$325 for Efemçukuru.  
2 Qualified Persons – Norm Pitcher, P. Geo. for São Bento, Gary Giroux, P. Geo. and Callum Grant, P. Eng. for Kisladag and Efemçukuru.  
3 São Bento, Kisladag and Efemçukuru resources have been prepared in accordance with NI43-101. All other resources are historical estimates prior to implementation of NI43-101.  
4 São Bento and Kisladag reserves were prepared in accordance with NI43-101, Efemçukuru was prepared prior to NI43-101 and is currently being updated.  
5 Piaba resources represent Eldorado's 50% interest.

# Growth Profile.



# Cash Flow and Earnings Per Share (\$US).







## Overview.

In 2004, we made good progress throughout our business, most significantly completing the permitting process and beginning the construction of our mine at Kisladag. We also completed a substantive portion of the Environmental Impact Assessment study for the Efemçukuru Project in Turkey. We have increased our land positions in Brazil and Turkey and have identified drill targets for testing in 2005. In addition, we opened a representative office in Beijing, and are making progress in establishing a strategic partnership in China.

Yet the year had its challenges. At São Bento, we produced less gold at a higher cost than in 2004. We produced 82,024 ounces of gold at a cash cost of \$294 per ounce, a result of lower production, the change in mineralogy of the orebody, the necessary improvements to the ventilation of the mine and the appreciation of the Brazilian Real. And although we completed 8,945 meters of drilling below the mine's deeper intrusive at the 32nd level, we were unsuccessful in re-establishing the continuity of the mineralization. Reserves at year-end 2004 are 307,000 ounces and we are forecasting 2005 production of 72,000 ounces at a cash cost of \$320 per ounce. We will manage the remaining mine life to maximize returns to the Company.

Our balance sheet is strong, and we are debt free and unhedged. With the successful completion of a CDN\$77.6 million financing, we are adequately funded to construct Kisladag, advance Efemçukuru, fund our long-term exploration programs in Brazil and Turkey and pursue new early-stage development projects. Eldorado has 6.15 million ounces of proven and probable reserves, 9.16 million measured and indicated resources and 1.58 million ounces of inferred resources – and we are well on our way to achieving our goal of being a mid-tier producer by 2008.

## The Year in Review.

### Turkey

Over a period of nine years, we have successfully advanced Kisladag from greenfield exploration discovery through to production. This remarkable achievement is the result of the outstanding dedication of our employees and the active support and cooperation of the surrounding communities and the local, provincial and central levels of government in Turkey.

In April 2004, we acquired all the private and public lands necessary for constructing the Kisladag Mine. In May, the Feasibility Study was updated to take into consideration changes in the price of gold, fuel, electricity and equipment. In September, we received our Construction Permit enabling the commencement of construction activities.

Over the last months of 2004, we began work on the site, putting in access roads and water and power lines. We've added to our team and brought equipment on site. Construction is on schedule and on budget, and we expect to begin producing gold at Kisladag in December 2005.

In mid-2004, the Turkish government rescinded its value added tax on activities related to gold production in the country. This amendment is very positive for our Kisladag Project, as it decreases the initial capital investment by \$10.7 million and reduces our cash operating cost by \$23 per ounce to \$165 per ounce. We are very proud of our Turkish staff and other representatives from the mining industry for working with the government to resolve this issue.

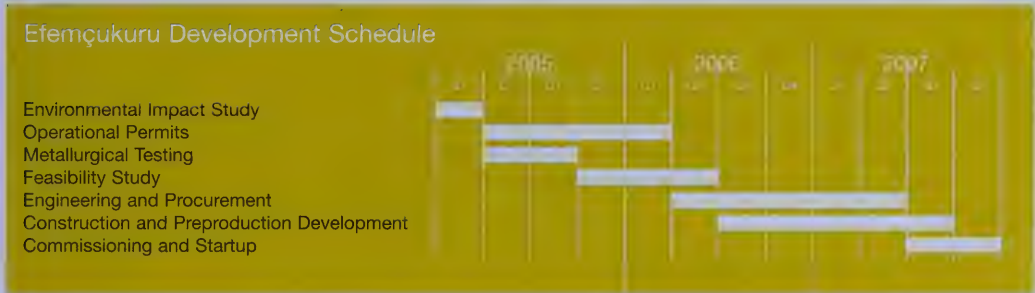
With the Kisladag Development Model established, we have focused our engineering and permitting activities on bringing our Efemçukuru Project to fruition. Eldorado's team of professionals in Turkey, combined with the same Turkish engineering firm that assisted us in Kisladag, are now working together to advance the Efemçukuru Project.

In February 2005, a public meeting was held at Efemçukuru by the Turkish Ministry of the Environment to obtain input from local residents about this proposed mine. We will address these issues in our Environmental Impact Assessment Study, which we will submit to the Ministry in the second quarter of 2005. Once we receive the Environmental Positive Certificate, we will proceed with a Feasibility Study, and expect to commence production towards the end of 2007.

In addition to Efemçukuru, we are pursuing other projects in Turkey. In 2004, our exploration program centered on the Western Pontides, the Biga Peninsula and the area of our joint venture with Demir Export. Based on initial findings, we have selected drill targets and have budgeted \$1.7 million to advance our Turkish exploration projects in the year ahead.

We take great pride in being respected members of the communities where we operate. In the summer of 2004, I was pleased to attend the dedication of the potable water distribution system for the





nine local villages surrounding Kisladag. In November, we equipped a mobile community medical van with supplies and equipment. And we're now working with the community to implement one of the agricultural initiatives identified from the Canadian International Development Agency Sustainable Development Plan for the area.

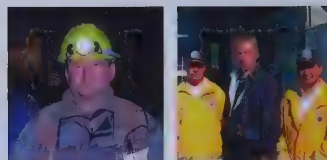
Brazil

With its current reserves, São Bento will continue to produce until 2008. Our shaft-deepening project is continuing on budget and on schedule and will be commissioned in the third quarter of 2005. In 2005, we are forecasting production of 72,000 ounces of gold at a cash cost of \$320 per ounce.

We are, of course, disappointed that our drilling program at depth failed to demonstrate the continuity of mineralization. In 2005, we will continue to drill the inferred resource with the objective to increase reserve life. We are also pursuing alternate orebodies in the immediate area to extend the life of our mine at São Bento.

São Bento won an Environmental Preservation Category award given by Brazil's *Minérios & Minerales* magazine for its environmental management program, which includes maintaining more than 76 percent of the mine footprint as undisturbed forest. Our Environmental Centre continues to attract visitors who are interested in learning more about the area's flora and fauna.

Brazil has many promising exploration opportunities and we've budgeted \$4.1 million to pursue exploration projects in Brazil in 2005.



Left, Norm Pitcher. Right, center, Berne Jansson.

## China

We continue to pursue opportunities for growth in China, with the objective, through a partnering approach, to play a role in developing and operating gold mines in China. Consistent with this approach, in January 2005 we signed a Memorandum of Understanding with Shandong Gold Corporation. This memorandum outlines the opportunity to establish joint ventures on one advanced exploration project and two development projects. We look forward to developing this strategic relationship.

## Strengthening Our Team.

As we grow as a company, we need to bring on new staff and expertise. In 2004, we hired a Vice President of Operations, Berne Jansson, who will be responsible for the company's existing operation and construction activities, and Norm Pitcher, Vice President, Exploration and Corporate Development, to provide corporate oversight for all of our exploration programs and lead the process of identifying and analyzing new business opportunities.

This past year has been an exciting one for Eldorado. We take great pride in bringing the Kisladag project to its current stage and furthering our exploration and development efforts in Turkey, Brazil and China. I would like to thank all of our employees for their dedication to advancing our strategic objectives and commitment to creating value for our company and our shareholders, both now and in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Wright'.

Paul N. Wright

President and Chief Executive Officer

March 24, 2005

Eldorado Gold Corporation

# Financial Review

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# Management's Discussion & Analysis of Financial Condition and Results of Operations

(For The Years Ended December 31, 2004, 2003 and 2002. Expressed in U.S. dollars)

This Management's Discussion and Analysis (MD&A) reviews the business of Eldorado Gold Corporation ("Eldorado", "we" or "the Company"), and compares the Company's financial results for 2004 with those of 2003 and 2002. For a comprehensive understanding of Eldorado's financial condition and results of operations, you should read the MD&A together with the consolidated financial statements and accompanying notes. Unless otherwise noted, all monetary amounts are in United States dollars.

The MD&A has been prepared effective December 31, 2004 and contains certain "Forward-Looking Statements" within the meaning of section 21E of the United States Securities Exchange Act of 1934, as amended. All statements included here, other than statements of historical fact, and including without limitation statements regarding potential mineralization and reserves, exploration results and future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that these statements will prove to be accurate, and actual results and future events could differ materially from them.

Eldorado's Consolidated Financial Statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are filed with appropriate regulatory authorities in Canada and the United States.

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## 1. 2004 – The Year in Review

Eldorado is a gold producer based in Vancouver, Canada. We own and operate the São Bento Gold Mine (the "São Bento mine", or "São Bento") in Brazil and are constructing the Kisladag Mine Project (the "Kisladag mine") in Turkey. We also explore for and/or acquire precious mineral properties for exploration and develop gold mineralized properties into mines.

### Reserves and Resources

Our 2004 exploration drilling program at the São Bento mine did not establish the continuity of the mineralization below the intrusive at the 34th level of the mine. Infill drilling above the intrusive in an area previously defined as probable reserve has resulted in a reduced estimate of probable reserves in this area. This loss of reserves has reduced the mine life of the São Bento operation which is now forecast to end in late 2007 or early 2008. Based upon drilling results and the impact on reserves we have charged certain development costs of \$8.07 million to operating costs in 2004. We are pursuing the acquisition of additional ore reserves and/or mill feed in the immediate area to extend the life of the São Bento mine operations.

### Net Loss for the Year

The consolidated net loss for 2004 was \$13.94 million or (\$0.05) per share compared with a net loss of \$45.03 million or (\$0.20) per share in 2003 and a profit of \$1.78 million or \$0.01 per share in 2002. The loss in 2004 is due to lower gold sales and higher operating costs at the São Bento Mine.

### Gold Sales

In 2004, we sold 81,913 ounces of gold for \$33.15 million, including \$0.33 million in net hedging loss amortization. The average realized selling price was \$405 per ounce, or \$409 per ounce excluding the hedging loss amortization. This compares to 2003 gold sales of 95,544 ounces, which sold at a realized average price of \$385 per ounce, or \$361 per ounce excluding \$2.29 million in hedging gain amortization. The average spot price in 2004 was \$409 (2003: \$363) per ounce.

### Improved Balance Sheet & Equity Financing

Eldorado is in a strong financial position. During 2004, we raised net of fees \$62.14 million in equity financings, and at December 31, 2004, we held \$135.39 million in cash and short-term deposits. We remain debt free and hedge free. We have sufficient funds to construct the \$63.10 million Kisladag mine, carry out our planned exploration programs in Turkey and Brazil and pursue new opportunities in China and elsewhere.

### Kisladag Mine Construction Underway

In 2004, we acquired all the public and private land, updated the Feasibility Study to reflect 2004 projected costs, completed the permitting process and obtained all approvals from the Turkish authorities for constructing the Kisladag mine.

In the fourth quarter, we began installing site services and completing two process water wells. In December, we began

earthwork excavation for constructing the first phase of the leach pad. Kisladag mine construction will be completed in the fourth quarter of 2005, with commissioning leading to startup as planned by the end of 2005.

We expect the Kisladag mine to begin producing gold at an annualized rate of 164,000 ounces in its first year of operations, increasing in year two to 240,000 ounces. Cash operating costs are expected to be \$165 per ounce for a planned mine life of 14 years.

#### Lower Production at São Bento Mine

In 2004, production at the São Bento mine was 82,024 ounces of gold at a cash cost of \$294 per ounce. Production in 2004 was negatively impacted by the high level of waste handling, poor ground conditions and the presence of the metabasite intrusive that intersects the orebody in the area mined in 2004.

#### Ongoing Exploration in Brazil and Turkey

We focused our 2004 exploration activities on Brazil and Turkey, completing detailed mapping, sampling and initial drill programs at various sites in these two countries. The work done in 2004 will set the stage for more detailed programs in 2005 and beyond.

#### Social Initiatives in Brazil and Turkey

Our São Bento mine won an Environmental Preservation Award (the 7th Premio de Excelencia da Industria Mineral e Metalurgica Brasileira) from the Brazilian publication Minérios & Minerales. This Award recognizes our environmental management program, which includes the creation of a protected park area on the mine site.

In the region near the Kisladag mine, we installed a water distribution system that is delivering potable water to more than 1,000 local residents in nine villages for the first time. We also funded a mobile health clinic – a vehicle fully equipped with medical supplies and personnel that travels to local communities to provide an invaluable health resource for residents.

## 2. Outlook

#### Production

In 2005, we are forecasting production of 72,000 ounces at our São Bento mine, at a cash cost of \$320 per ounce. We will complete the shaft-deepening project at the São Bento mine in the third quarter of 2005 and we will expand the mine's ventilation system.

#### Development

We expect to complete the construction of the Kisladag mine in Turkey, on time and on budget in December 2005.

Certain litigation continues by third parties against Tüprag and the Turkish Ministry of Forestry and Environment seeking to cancel the Kisladag Environmental Positive Certificate for Kisladag on the basis of an alleged threat to the environment. The Company is confident with both the methodology of the Environmental Impact Assessment ("EIA") Report and Tüprag's compliance with all procedural steps taken in obtaining the Kisladag Environmental Positive Certificate. The Company continues to believe that ultimately such litigation shall be successfully defended.

As part of the EIA process for our Efemçukuru project a public meeting was held at the town of Efemçukuru on February 2, 2005 by the Turkish Ministry of the Environment to obtain input from local residents about our proposed mine. The meeting was well attended providing excellent dialogue with and input from the local residents. We will address the questions and concerns of local residents in our EIA study, which we are finishing for submission to the Ministry of Environment in the 2nd quarter of 2005. Once we receive a positive certificate, we will prepare a Feasibility Study and continue obtaining the necessary permits to construct and operate the mine. We currently have the data we need to prepare the Feasibility Study, and we expect to complete it by the second quarter of 2006. Our development schedule for the Efemçukuru project, following approval of the EIA, anticipates that the mine will begin producing gold in late 2007.

Certain litigation continues to be ongoing by third parties against Tüprag and the Turkish Ministry of Energy and Natural Resources seeking to cancel the mineral license for the Efemçukuru project on the basis of an alleged threat to the water quality in the local catchment area. In the course of the litigation against the Ministry and Tüprag concerning the Efemçukuru project, a lower administrative court has issued an injunction which, while in effect, would bar the commencement of min-

## Management's Discussion & Analysis of Financial Condition and Results of Operations

ing activities at the Efemçukuru project. The Company is confident that it will prevail in the case when it is heard in the higher courts. It is not anticipated that a delay in the overall project will occur as a consequence of the legal proceedings. Permitting activities are continuing.

### Exploration

Our exploration program for the coming year is focused on Brazil, China and Turkey.

#### Brazil

Total exploration expenditures in Brazil for 2005 are budgeted at \$4.10 million, which will partially be allocated to the Tartarugaizinho, Cassipore and Piaba projects.

In February 2005 Eldorado contracted Amec Americas to examine the viability of the Piaba project in North East Brazil. This project is 50% held by Eldorado and hosts a significant resource in weathered and fresh rock. The purpose of the study is to allow Eldorado to make an informed decision on whether further work is warranted on the project given current gold prices.

#### China

On January 11, 2005, we signed a Memorandum of Understanding with Shandong Gold Corporation ("Shandong") outlining possible joint ventures on one advanced exploration property and two development projects. Shandong is a publicly traded company listed on the Shanghai Exchange with assets in excess of \$362 million. Shandong's revenue is derived from the production and sale of gold, silver, sulfur concentrate ore and gold & silver jewelry. Located in eastern China's Shandong Province, China's largest gold producing region claiming approximately a quarter of China's total gold production and 60% of the domestic industry's total gold profits, they produced approximately 150,000 ounces of gold in 2004 from two underground mines. On November 21, 2004 Shandong signed an acquisition agreement for its third underground mine. The acquisition was approved by their shareholders on December 28, 2004.

Members of our management team toured Shandong's operations early in 2005 and were impressed by the modern, efficient nature of their mines and the professionalism of Shandong's management, both at the corporate level and in the mines.

#### Turkey

Our 2005 exploration budget for Turkey is \$1.70 million, which will be divided among the Pontide Belt, Biga Peninsula and Demir Joint Venture. This budget allows for preliminary drilling on several projects, and we will allocate additional funds as needed. We have our own drilling rigs, processing lab and technicians thereby allowing us to do substantial exploration activities economically.

### 3. Exploration Activity in 2004

In 2004, we focused our exploration activities on Turkey, Brazil and China, spending a total of \$4.14 million.

#### Turkey

Our exploration activities in Turkey centered on three areas: the Western Pontides, the Demir Joint Venture and the Biga Peninsula.

In the Western Pontides, we control 145,200 hectares in 42 exploration licenses that are 100% owned by our subsidiary, Tüprag. The targets in this area are large, bulk tonnage, high sulfidation-type precious metal systems and low sulfidation-type precious metal vein systems. In 2004, we undertook a range of activities – including mapping and sampling – to provide drill targets for the year ahead.

Our 50/50 Demir Joint Venture consists of 27 licenses covering a total of 58,642 hectares. This property, discovered during a reconnaissance program in 2001 and 2002, includes a porphyry-style gold-molybdenum-copper deposit that has alteration styles similar to those at Kisladag. In 2004, we completed the permitting and construction of six kilometers of roads through the center of the anomaly for mapping, sampling and drill access. Results from the sampling will guide our drill program for 2005.



In the Biga Peninsula area of western Turkey, we control 25 exploration licenses covering 38,244 hectares. Reconnaissance work will continue in 2005 and we may carry out additional drilling.

#### Brazil

In 2004, we pursued several exploration opportunities and obtained mineral licenses on two properties in northern Brazil's Amapa State and another in Rio Grande do Norte State.

Our land position at Amapa State totals 120,000 hectares and our work program in 2004 focused on geologic mapping, stream and soil sampling and geophysics to define drill targets. These properties host large geochemical gold anomalies as well as artisanal gold mining, in the same rock formations that host major deposits in Venezuela, Surinam and Guyana.

In Rio Grande do Norte State results from a 4 hole exploration program in the Bonfim area were negative, and the property was subsequently dropped.

## 4. Review of Financial Results

### Net (Loss) Income

In 2004, the consolidated net loss was \$13.94 million or (\$0.05) per share, compared with a net loss of \$45.03 million or (\$0.20) per share in 2003 and a profit of \$1.78 million or \$0.01 per share in 2002.

### Revenues

The Company's revenues consist of sales of gold bullion. Gold bullion was sold in 2004 to a number of large institutions.

REVENUE - (\$000)	2004	2003	2002
Gold	\$ 33,482	\$ 34,528	\$ 30,501
Effects of hedging	(329)	2,286	3,550
Total gold sales	\$ 33,153	\$ 36,814	\$ 34,051
Interest and other income	2,762	1,415	5,245
	<u>\$ 35,915</u>	<u>\$ 38,229</u>	<u>\$ 39,296</u>

### Interest and Other Income

Interest and other income for 2004 was \$2.76 million, which includes \$1.75 million in interest on cash and short-term money market investments and the balance of \$1.01 million in other income and credits. This compares to 2003 interest and other income of \$1.41 million, which includes \$1.20 million in interest on cash and short-term money market investments and \$0.21 million in other income and credits.

### Expenses

EXPENSES - (\$000)	2004	2003	2002
Operating costs	\$ 32,459	\$ 22,604	\$ 19,027
Depletion, depreciation and amortization	4,431	10,321	10,699
General and administrative	5,531	4,961	3,238
Exploration expense	4,136	1,956	1,078
Stock based compensation expense	3,720	1,418	-
Foreign exchange (gain) loss	(196)	(6,494)	1,046
Other	455	1,202	1,076
	<u>\$ 50,536</u>	<u>\$ 35,968</u>	<u>\$ 36,164</u>

### Depletion, depreciation and amortization

Depletion, depreciation and amortization expense dropped in 2004 due to the 2003 write down of the São Bento mine asset value.

# Management’s Discussion & Analysis of Financial Condition and Results of Operations

## General and Administrative Expenses

The higher administrative expense in 2004 reflects the continued growth of our Company as we hired additional staff to support our exploration department and our China initiative. The addition of four new employees in our exploration department and the dramatic increase in the value of the Canadian dollar accounts for the majority of the increase compared to 2003.

Fees paid to PricewaterhouseCoopers LLP totaling \$381 thousand are included in the general and administrative expenses for 2004. These include audit services of \$147 thousand, audit related activities of \$62 thousand and taxation services of \$172 thousand.

## Exploration Expense

The significant increase in our exploration activities in Brazil, Turkey and China accounted for the increase in spending. In Brazil, we established an exploration office in Belo Horizonte to coordinate exploration activities throughout the country.

EXPLORATION ACTIVITIES BY COUNTRY - (\$000)	2004
Brazil	\$ 1,392
Turkey	1,679
China	708
Canada - exploration administration	357
Total	<u>\$ 4,136</u>

## Stocked-Based Compensation Expense

The Company uses fair-value accounting for awards of stock options to employees, officers and directors under its share option plans. The cost of the options granted using fair-value accounting resulted in an expense of \$1.42 million in 2003. In 2004, an additional 3,875,000 options were granted to Eldorado employees, officers and directors resulting in an expense of \$3.72 million.

## Foreign exchange (gain) loss

In 2003 the Canadian dollar strengthened against the U.S. dollar by 21.6% resulting in a \$6.49 million foreign exchange gain on Canadian funds held. In 2004 the Canadian dollar strengthened against the U.S. dollar by 7.2% resulting in a foreign exchange gain of \$0.20 million.

## Income Taxes

Current tax recovery for 2004 was \$1.41 million compared to a tax recovery of \$1.11 million in 2003 and a tax expense of \$1.12 million in 2002. The recovery in 2004 and 2003 resulted from completing the restructuring of our inter-company debt over the two year period.

Future income tax expense of \$0.76 million in 2004, compared to a future income tax expense of \$3.57 million in 2003 and \$0.39 million in 2002, relates to a future tax liability recorded due to the appreciation of the Brazilian Real, which results in a gain on inter-company debt and therefore creates a future income tax liability. If the Brazilian Real weakens in the future, this deferred tax liability will be reversed.

## 5. Review of Mining Operations

SÃO BENTO MINE	2004	2003	2002
Operating Data <sup>1</sup>			
Gold Production			
Ounces	82,024	95,049	103,533
Cash Operating Costs (\$/oz) <sup>5</sup>	\$ 294	\$ 234	\$ 184
Total Cash Costs (\$/oz) <sup>2,5</sup>	\$ 302	\$ 241	\$ 189
Total Production Costs (\$/oz) <sup>3,5</sup>	\$ 358	\$ 364	\$ 282
Realized Price (\$/oz sold) <sup>4</sup>	\$ 409	\$ 361	\$ 306
São Bento Mine			
Tonnes to Mill	366,729	374,130	381,295
Average Mill Grade (grams/tonne)	7.81	8.50	8.93
Average Recovery Rate (%)	89.10	92.00	92.60

1 Cost figures calculated in accordance with the Gold Institute Standard.

2 Cash Operating Costs, plus royalties and the cost of off-site administration.

3 Total Cash Cost, plus foreign exchange gain or loss, depreciation, amortization and reclamation expenses. Total Production Costs for 2003 have been revised to include Section 3110 of the Canadian Institute of Chartered Accountants (CICA 3110 - Asset Retirement Obligation).

4 Excludes amortization of deferred gain or loss.

5 Cash operating, total cash and total production costs are non-GAAP measures that do not have any standardized meaning as prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other entities. Please see the section "Non-GAAP Measures" of the MD&A.

Gold production at our São Bento mine in Brazil was 16 percent lower in 2004 than 2003 and total cash costs were 25 percent higher. As the mine deepens, it is more challenging to sustain historical production levels and cash costs per ounce have increased as a result of lower gold production levels, higher oxygen and cyanide consumption and increased energy costs. Higher oxygen and cyanide consumption were driven by higher pyrrhotite content in the ore, arising from the presence of a metabasite intrusive that intersected the orebody at the area scheduled for mining in 2004.

In 2004 we continued to advance our shaft-deepening project at the São Bento mine which will be completed in August 2005 at an approximate cost of \$12.00 million. This project includes deepening the concrete-lined shaft by 270 meters from the 23rd to the 28th level, providing a bottom working elevation approximately 1,300 meters below surface. The shaft-deepening project has created more challenging work conditions due to a high level of waste handling, poor ground conditions and the presence of a metabasite intrusive that intersects the ore body in the area scheduled for mining.

During the year, we also completed 2,791 meters of infill drilling and 17,612 meters of exploration drilling at the São Bento mine. A total of 8,945 meters were drilled below the mine's deeper intrusive, at approximately the 32nd level. This drilling was unsuccessful in re-establishing continuity of the mineralization below the intrusive.

SÃO BENTO MINE GOLD PRODUCTION AND COST PER OUNCE	2004	2003	2002
Direct mining expense	\$ 287	\$ 227	\$ 186
Currency hedging	-	-	-
Inventory change	-	1	4
Refining and selling costs	6	5	3
Vancouver costs	2	1	1
By-product credits	(1)	-	-
Business Interruption Credit	-	-	(10)
Cash operating costs per ounce	\$ 294	\$ 234	\$ 184
Royalties and production taxes	8	7	5
Total cash costs per ounce	\$ 302	\$ 241	\$ 189
Depletion, depreciation and amortization	53	107	87
Foreign exchange (gain) loss	(3)	12	6
Accretion of asset retirement expense	6	4	-
Total production costs per ounce	\$ 358	\$ 364	\$ 282

## Management's Discussion & Analysis of Financial Condition and Results of Operations

### 6. Financial Conditions and Liquidity

#### Cash from Operations

The decrease from 2003 to 2004 resulted primarily from higher cash operating costs at the São Bento mine and lower gold sales. Both higher cash operating costs and lower gold sales are a direct result of the continued congestion at the bottom of the mine as a consequence of the construction related to the shaft deepening and the requirement to handle waste and haul ore to the surface for processing.

#### Investing Activities

Over the last three years, we have invested the following in property, plant and equipment:

CAPITAL EXPENDITURES - (\$000)	2004	2003	2002
São Bento Mine	\$ 5,717	\$ 8,973	\$ 5,334
Kisladag project, under construction	\$ 16,233	\$ 3,437	\$ 2,209
Tüprag - others	842	57	4
	\$ 17,075	\$ 3,494	\$ 2,213
Vancouver and others	553	528	72
Total	\$ 17,628	\$ 4,022	\$ 2,285

At the São Bento mine, our capital expenditures were primarily related to underground ventilation and underground development. Capital expenditures at the Kisladag mine were primarily related to land acquisition and the costs related to obtaining final permits.

#### Financing Activities

Eldorado remains debt free and unhedged.

#### Proceeds from the issue of common shares

In November 2004, we completed a financing for a total of \$62.14 million net of fees. Over the past three years, we have raised \$157.50 million net of fees in public financings, which has been used to eliminate debt and fund our ongoing operations and development.

PROCEEDS FROM THE ISSUE OF COMMON SHARES - (\$000)	2004	2003	2002
Public Financing	\$ 62,140	\$ 52,822	\$ 42,536
Warrants Conversion	32	24,496	5,008
Options Exercised	1,536	1,301	468
Return to Treasury	-	-	(46)
Total Cash Raised	\$ 63,708	\$ 78,619	\$ 47,966

We believe Eldorado has the cash available and the ability to generate sufficient amounts of cash from operations in the short and long term to maintain planned production. We also believe that we will be able to raise capital as needed in the capital markets as opportunities for expansion arise.

#### Cash Resources and Liquidity

At December 31, 2004, we had cash and short-term investments of \$135.39 million resulting in working capital of \$144.02 million, compared with \$105.47 million and \$107.14 million, respectively, at the beginning of the year. The significant increase in working capital resulted primarily from our completion of the \$62.14 million net of fees financing in November 2004 which was offset, to a certain degree, by expenditures for property, plant and equipment.



## 7. Contractual Obligations

Our contractual obligations on December 31, 2004, including payments due for each of the periods indicated, are summarized as follows:

CONTRACTUAL OBLIGATIONS	Payments due in						Total
	2005	2006	2007	2008	2009	2010 +	
(\$000)							
Operating leases	\$ 279	\$ 216	\$ 171	\$ 171	\$ 175	\$ 950	\$ 1,962
Capital expenditures	18,320	-	-	-	-	-	18,320
Purchases obligations	8,082	6,607	6,607	6,209	-	-	27,505
Total	\$ 26,681	\$ 6,823	\$ 6,778	\$ 6,380	\$ 175	\$ 950	\$ 47,787

Capital expenditures in 2005 of \$18,320 relate to purchases for the construction of the Kisladag mine.

## 8. Summary of Quarterly Results and 4th Quarter Review

(\$000)	4th Quarter 2004	3rd Quarter 2004	2nd Quarter 2004	1st Quarter 2004
Revenue	\$ 9,560	\$ 9,156	\$ 7,259	\$ 9,940
Net income (loss) <sup>1</sup>	\$ (10,263)	\$ (1,343)	\$ (1,673)	\$ (663)
Basic (loss) Income per share - U.S.\$	(0.04)	-	(0.01)	-
Diluted (loss) Income per share - U.S.\$	(0.04)	-	(0.01)	-
	4th Quarter 2003	3rd Quarter 2003	2nd Quarter 2003	1st Quarter 2003
Revenue	\$ 9,592	\$ 9,841	\$ 9,348	\$ 9,448
Net income (loss) <sup>1</sup>	\$ (46,528)	\$ (1,631)	\$ 1,447	\$ 1,679
Basic (loss) Income per share - U.S.\$	(0.21)	(0.01)	0.01	0.01
Diluted (loss) Income per share - U.S.\$	(0.21)	(0.01)	0.01	0.01

<sup>1</sup> Net Income (loss) figures have been restated for the quarters to reflect the non-cash year end adjustments in fiscal 2003.

## 9. Critical Accounting Estimates

The Company utilizes certain critical accounting estimates as follows:

### Reserves and Resources

Mineral reserves have been calculated in accordance with National Instrument 43-101, as required by Canadian Securities regulatory authorities. For United States reporting purposes, Industry Guide 7 (under the Securities Exchange Act of 1934, as interpreted by the Staff of the Securities and Exchange Commission), applies different standards in order to classify mineralization as a reserve. The project mineral reserves are classified as such under both Canadian and U.S. regulatory authorities.

Cautionary note to U.S. investors concerning estimates of inferred mineral resources: We advise U.S. investors that while this term is recognized and required by National Instrument 43-101 under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility or other economic study. U.S. investors are cautioned not to assume that any part or all of an inferred mineral resource exists or is economically or legally mineable.

# Management’s Discussion & Analysis of Financial Condition and Results of Operations

## Recoverable Values

Where information is available and conditions suggest impairment of long lived assets, estimated future net cash flows from each property are calculated using estimated future gold prices, proven and probable reserves, value beyond proven and probable reserves, operating, capital and reclamation costs and estimated proceeds from the disposition of assets on an undiscounted basis

## Gold Price

The Company estimates the future price of gold based on historical trends and published forecasted estimates. Presently the Company's five-year plan assumes the following prices:

	2005	2006	2007	2008	2009
Gold price (US\$/oz)	400	375	375	375	350

The resulting average price is \$375 per ounce.

## Operating Costs

The Company reports its operating costs in accordance with the Gold Institute Standard. Future operating costs however include estimates of currency foreign exchange and inflation trends.

## Stock Based Compensation

The Company in determining the fair-value for awards of stock options to employees, officers and directors estimates among other things stock volatility and risk-free rate.

## Asset Retirement Obligation

The Company in assessing the carrying value of the asset retirement obligation estimates among other things the mine closure date and the credit adjusted risk free rate.

# 10. Risks and Uncertainties

## Gold Price

Eldorado's profitability is linked to the price of gold as our revenues are derived primarily from gold mining. Gold prices are affected by numerous factors beyond our control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices, and the price of gold is occasionally subject to rapid short-term changes due to speculative activities.

## Exploration and Development

The costs and results of our exploration and development programs affect Eldorado's profitability and value. Since mines have limited lives based on proven reserves, we actively seek to replace and expand our reserves, primarily through acquisitions, exploration and development of our existing operations and recognizance exploration. Exploration for minerals involves many risks and may not result in any new economically viable mining operations or yield new reserves to replace and expand current reserves. Determination of reserves is a process of estimation and, as such, reserve calculations are subject to the assumptions and limitations of the estimation process.

Acquiring title to mineral properties is a detailed and time-consuming process. We take steps, in accordance with industry standards, to verify and secure legal title to mineral properties in which we have or are seeking an interest. Although we take every precaution to ensure that legal title to our properties is properly recorded in the name of Eldorado, there can be no assurance that such title will ultimately be secured on every property. The legal title to our properties is dependent on the appropriate application of the laws in the countries in which we operate.

## Capital and Operations

Our exploration, development and operations are located in Brazil, Turkey and China and face potential political risks in these countries. As well, the business of gold mining involves many operational risks and hazards. Through high operational standards, an emphasis on hiring and training appropriately skilled personnel and operational improvements, we work to reduce the risks associated with our projects. We also maintain adequate insurance to cover normal business risk.

As we currently have only one producing mine, any adverse development affecting São Bento would have a negative impact on our financial performance.

We also rely on a number of key employees. Our success depends on attracting and retaining qualified personnel in a competitive labour environment.

We have sufficient financial resources to undertake our planned exploration and development program. Further exploration and development of mineral resource properties or acquisitions beyond this may require additional capital. Accordingly, the continuing development of our projects will depend on our ability to obtain financing through joint venture projects, debt financing and equity financing or other means. There is no assurance that we will be successful in obtaining the required financing.

## Environment

Our activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. We must obtain governmental permits and provide associated financial assurance to carry on certain activities. We are also subject to various reclamation-related conditions imposed under federal, state or provincial air, water quality and mine reclamation rules and permits.

While we have budgeted for future capital and operating expenditures to maintain compliance with environmental laws and permits, any changes to these laws in the future could adversely affect Eldorado's financial condition, liquidity or results of operations.

## Laws and Regulations

Eldorado's mining operations and exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. These laws and regulations are subject to change, which may restrict our ability to operate. We draw on the expertise and commitment of our management team, advisors, employees and contractors to ensure compliance with current laws, and we foster a climate of open communication and co-operation with regulatory bodies.

## Legal Proceedings

The nature of our business subjects us to regulatory investigation, claims, lawsuits and other proceedings in the ordinary course of business. We cannot predict the outcome of these legal proceedings with certainty.

## Currency Fluctuations

We operate in numerous countries – including the U.S., Canada, Brazil and Turkey – and we are therefore affected by currency fluctuations in these jurisdictions.

## Political Risk

Eldorado conducts operations in a number of countries outside of North America, namely Brazil, Turkey and China. These operations are potentially subject to a number of political, economic and other risks which may have an impact on our future operations and financial position.

## Management's Discussion & Analysis of Financial Condition and Results of Operations

### 11. Non-GAAP Measures

Throughout this document, we have provided measures prepared according to Canadian Generally Accepted Accounting Principles (GAAP), as well as some non-GAAP performance measures. Because the non-GAAP performance measures do not have any standardized meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies. We provide these non-GAAP measures as they are used by some investors to evaluate Eldorado's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. We have defined the non-GAAP measures below and reconciled them to reported GAAP measures.

#### Unit costs

A reconciliation of cash operating costs calculated in accordance with the Gold Institute Standard to the cost of sales is included below:

RECONCILIATION OF CASH OPERATING COSTS PER OUNCE <sup>1</sup>	2004	2003
Gold Ounces Sold	81,913	95,544
Cash Operating Cost - (\$000)		
Operating costs	\$ 32,459	\$ 22,604
Royalty expense and production taxes	(634)	(652)
Effects of inventory adjustments	332	405
Expense of certain development costs	(8,075)	-
Cash Operating Cost	\$ 24,082	\$ 22,357
Cash Operating Cost per ounce	\$ 294	\$ 234

<sup>1</sup> Cash operating costs are calculated in accordance with The Gold Institute Standard. Cash costs are derived from amounts included in the Statement of Operations and include the São Bento mine site operating costs excluding the above.



## Management's Responsibility for Financial Reporting

The financial statements and the information contained in the annual report have been prepared by and are the responsibility of Management of the Company. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reconciled to accounting principles generally accepted in the United States as set out in note 14 and, where appropriate, reflect management's best estimates and judgements based on currently available information.

The Audit Committee of the Board of Directors, consisting of three members, meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company has developed and maintains a system of internal control to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP were appointed by the shareholders and they have conducted an audit in accordance with Canadian generally accepted auditing standards and their report follows.



Earl Price  
Chief Financial Officer

March 17, 2005



Paul N. Wright  
President and Chief Executive Officer

## Auditors' Report

To the Shareholders of Eldorado Gold Corporation

We have audited the consolidated balance sheets of Eldorado Gold Corporation as at December 31, 2004 and 2003 and the consolidated statements of operations and deficit and cash flows for the years ended December 31, 2004, 2003 and 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years ended December 31, 2004, 2003 and 2002 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Vancouver, BC, Canada  
February 11, 2005

# Consolidated Balance Sheets

As At December 31 (Expressed in thousands of U.S. dollars)

		2004	2003
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents		\$ 135,390	\$ 105,465
Accounts and other receivables		8,705	3,213
Inventories	Note 3	5,927	5,623
		<u>150,022</u>	<u>114,301</u>
Property, plant and equipment	Note 4	52,337	23,784
Mineral properties and deferred development	Note 4	22,676	32,287
Investments and advances	Note 8	1,224	1,258
Deferred loss	Note 6	-	329
		<u>\$ 226,259</u>	<u>\$ 171,959</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 6,005	\$ 7,164
		<u>6,005</u>	<u>7,164</u>
Asset retirement obligation	Note 5	8,059	7,172
Contractual severance obligation		636	318
Future income taxes	Note 9	4,598	3,830
		<u>19,298</u>	<u>18,484</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	Note 7	508,373	444,665
Contributed surplus		1,094	1,094
Stock based compensation	Note 7	5,138	1,418
Deficit		<u>(307,644)</u>	<u>(293,702)</u>
		<u>206,961</u>	<u>153,475</u>
		<u>\$ 226,259</u>	<u>\$ 171,959</u>
Commitments and Contingencies	Note 10		

Approved by the Board



Robert Gilmore  
Director



Paul N. Wright  
Director

## Consolidated Statements of Operations and Deficit

For The Years Ended December 31 (Expressed in thousands of U.S. dollars except per share amounts)

	2004	2003	2002
<b>REVENUE</b>			
Gold sales	\$ 33,153	\$ 36,814	\$ 34,051
Interest and other income	2,762	1,415	5,245
	<u>35,915</u>	<u>38,229</u>	<u>39,296</u>
<b>EXPENSES</b>			
Operating costs	32,459	22,604	19,027
Depletion, depreciation and amortization	4,431	10,321	10,699
General and administrative	5,531	4,961	3,238
Exploration expense	4,136	1,956	1,078
Interest and financing costs	25	569	1,156
Loss (gain) on settlement of convertible debenture	-	227	(463)
Stock based compensation expense	3,720	1,418	-
Accretion of asset retirement obligation	430	406	383
Foreign exchange (gain) loss	(196)	(6,494)	1,046
	<u>50,536</u>	<u>35,968</u>	<u>36,164</u>
(Loss) profit before the undernoted items	<u>(14,621)</u>	<u>2,261</u>	<u>3,132</u>
Writedown of assets	-	(44,645)	(415)
Gain (loss) on disposals of property, plant and equipment	30	(186)	(205)
(Loss) profit before income taxes	<u>(14,591)</u>	<u>(42,570)</u>	<u>2,512</u>
Tax recovery (expense)	Note 9		
Current	1,406	1,107	(1,121)
Future	(757)	(3,570)	387
Net (loss) income for the year	<u>\$ (13,942)</u>	<u>\$ (45,033)</u>	<u>\$ 1,778</u>
Deficit at the beginning of the year:			
As previously reported	(293,702)	(247,649)	(249,785)
Change in accounting policy	-	(1,020)	(662)
As restated	<u>\$ (293,702)</u>	<u>\$ (248,669)</u>	<u>\$ (250,447)</u>
Deficit at the end of the year	<u>\$ (307,644)</u>	<u>\$ (293,702)</u>	<u>\$ (248,669)</u>
Weighted average number of shares outstanding	257,643,212	221,770,349	147,597,481
Basic (loss) income per share - U.S.\$	<u>\$ (0.05)</u>	<u>\$ (0.20)</u>	<u>\$ 0.01</u>
Basic (loss) income per share - CDN.\$ - (yearly avg. rate)	<u>\$ (0.07)</u>	<u>\$ (0.28)</u>	<u>\$ 0.02</u>
Diluted (loss) income per share - U.S.\$	<u>\$ (0.05)</u>	<u>\$ (0.20)</u>	<u>\$ 0.01</u>

## Consolidated Statements of Cash Flows

For The Years Ended December 31 (Expressed in thousands of U.S. dollars)

	2004	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) income for the year	\$ (13,942)	\$ (45,033)	\$ 1,778
Items not affecting cash			
Depletion, depreciation and amortization	4,431	10,321	10,699
Future income taxes	757	3,570	(387)
Writedown of assets	28	44,929	415
Loss on disposals of property, plant and equipment	8	-	205
Loss (gain) on settlement of convertible debenture	-	227	(463)
Interest and financing costs	-	127	249
Amortization of hedging gain	329	(2,286)	(3,550)
Stock based compensation expense	3,720	1,418	-
Contractual severance expense	318	318	-
Accretion of asset retirement obligation	430	406	383
Foreign exchange loss (gain)	450	(6,850)	1,784
	(3,471)	7,147	11,113
(Increase) decrease in accounts and other receivable	(5,492)	(1,833)	1,585
(Increase) decrease in inventories	(304)	(607)	(425)
(Decrease) increase in accounts payable and accrued liabilities	(1,159)	(1,061)	(2,985)
	(10,426)	3,646	9,288
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment	(22,772)	(9,391)	(5,334)
Proceeds from disposals of property, plant and equipment	357	-	64
Mineral properties and deferred development	(573)	(3,604)	(2,285)
Investments and advances	-	(1,196)	37
Proceeds from disposals of investments and advances	70	-	-
Restricted cash	-	-	475
	(22,918)	(14,191)	(7,043)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long-term debt	-	-	(15,476)
Repayment of convertible debentures	-	(7,150)	-
Issue of common shares:			
Voting - for cash	63,708	78,619	47,966
Other assets and deferred charges	-	-	(95)
	63,708	71,469	32,395
Foreign exchange gain (loss) on cash held in foreign currency	(439)	6,914	(1,765)
Net increase (decrease) in cash and cash equivalents	29,925	67,838	32,875
Cash and cash equivalents at beginning of the year	105,465	37,627	4,752
Cash and cash equivalents at end of the year	\$ 135,390	\$ 105,465	\$ 37,627
<b>Supplemental cash flow information</b>			
Interest paid	\$ -	\$ 541	\$ 937
Income tax paid	\$ 166	\$ 242	\$ 382



# Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

### 01 Nature of operations

Eldorado Gold Corporation ("Eldorado", or "Company") is engaged in gold mining and related activities, including exploration and development, extraction, processing and reclamation. Gold, the primary product, is produced in Brazil. Development and construction of a mine and processing facility is underway in Turkey. Exploration activities are carried on in Brazil, Turkey and China.

The Company has not determined whether all its development properties contain ore reserves that are economically recoverable. The recoverability of the amount shown for mineral properties and deferred development is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing, licenses and permits to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The amounts shown as mineral properties and deferred development represent net costs to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

### 02 Significant accounting policies

#### Basis of consolidation

The consolidated financial statements include the accounts of Eldorado and its subsidiaries. The consolidated financial statements have been prepared using accounting principles generally accepted in Canada. As described in note 14, these principles differ in certain material respects from accounting principles generally accepted in the United States.

#### Foreign currency translation

Eldorado's subsidiaries are integrated operations. The financial statements and other transactions stated in foreign currencies are translated into U.S. dollars using the temporal method, as noted below:

- Monetary assets and liabilities are translated at the exchange rate at the balance sheet dates;
- Non-monetary assets are translated at historical rates;
- Revenue and expense items are translated at the average rate for the year except for depletion, depreciation and amortization of property, plant and equipment which are translated at the same rate as the assets to which they relate; and
- Translation gains and losses are included in operations.

#### Cash and cash equivalents

Cash and cash equivalents include those short-term money market instruments which on acquisition have a term to maturity of three months or less. The Company limits its exposure to credit loss by placing its cash with institutions which are believed to be credit-worthy.

#### Inventories

In-process inventories, including ore stockpiles when applicable, are valued at the lower of average production costs and net realizable value, after a reasonable allowance for further processing costs. Materials and supplies are valued at average cost and where appropriate less a provision for obsolescence.

#### Investments

Investments in shares of other companies are carried at cost or at cost less amounts written off to reflect an impairment in value that is other than temporary.

#### Property, plant and equipment

Property, plant and equipment are carried at cost, including costs associated with properties under development. Assets used in commercial production are subject to depreciation and depletion over their estimated useful lives, on the basis described below:

Mineral properties and capitalized development costs for an underground operation - where the mine operating

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

### NOTE

**02**  
continued

plan calls for production from well defined ore reserves, the life of mine method is applied.

Buildings, machinery, mobile and other equipment - depreciated on a straight-line basis over the life of the mine.

Management of the Company regularly reviews the carrying value of each mineral property. Where information is available and conditions suggest impairment of long lived assets, estimated future net cash flows from each property are calculated using estimated future gold prices, proven and probable reserves, value beyond proven and probable reserves, operating, capital and reclamation costs and estimated proceeds from the disposition of assets on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value and the fair value is less than the carrying value, a write-down to the estimated fair value is made with a charge to operations. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered.

Management's estimates of mineral prices, recoverable proven and probable reserves, resources, operating capital and reclamation costs are subject to risks and uncertainties, which may affect the assessment of recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term, which could adversely affect management's estimate of the net cash flow to be generated from its properties.

#### Exploration and development

Exploration costs are charged against operations as incurred until a mineral resource is established on a property, from which time exploration expenditures are capitalized.

#### Deferred financing charges

Deferred financing charges consist of commissions and expenses related to establishing the related indebtedness and have been amortized to operations over the life of such indebtedness.

#### Asset Retirement Obligation

The fair value of liabilities for asset retirement obligations is recognized in the period they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The amount of the liability is subject to re-measurement at each reporting period.

#### Revenue recognition

Revenues from the sale of bullion are recognized when the goods have been delivered and title passes to the purchaser.

#### Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Financial statement items subject to significant estimates include property, plant and equipment and related depletion, depreciation and amortization, the recoverability of mineral properties and deferred development costs, asset retirement obligations and stock based compensation. Actual results could differ from those estimates.

#### Share option plan

The Company uses fair-value accounting for awards of stock options to employees, officers and directors under the share option plans. Consideration paid for shares on exercise of the share options is credited to share capital.

#### Income taxes

Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in operations in the period that includes the enactment date. A future income tax asset is recorded when the probability of the realization is more likely than not.

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

### 02

continued

#### Earnings (loss) per share

Earnings or loss per share are presented for basic and diluted net income (loss). A basic earnings per share is computed by dividing net income or loss by the weighted average number of outstanding common shares for the year. The computation of diluted earnings per share reflects the dilutive effect of the exercise of stock options and warrants outstanding as at year-end using the treasury stock method.

### 03

#### Inventories

	2004	2003
In process inventory	\$ 1,913	\$ 1,584
Materials and Supplies	4,014	4,039
	<u>\$ 5,927</u>	<u>\$ 5,623</u>

### 04

#### Property, Plant and Equipment and Mineral Properties

	2004	2003
Property, plant and equipment		
São Bento mine	\$ 88,688	\$ 122,461
Accumulated depreciation and depletion	(63,998)	(59,665)
	<u>\$ 24,690</u>	<u>\$ 62,796</u>
Write downs	-	(39,758)
	<u>\$ 24,690</u>	<u>\$ 23,038</u>
Kisladag project, under construction	\$ 26,353	\$ -
Office furniture and equipment	\$ 3,076	\$ 2,430
Accumulated depreciation	(1,782)	(1,684)
	<u>\$ 1,294</u>	<u>\$ 746</u>
Total property, plant and equipment	<u>\$ 52,337</u>	<u>\$ 23,784</u>
Mineral properties and deferred development	\$ 22,676	\$ 36,562
Write downs	-	(4,275)
Total mineral properties and deferred development	<u>\$ 22,676</u>	<u>\$ 32,287</u>
	<u>\$ 75,013</u>	<u>\$ 56,071</u>

In 2004 the Kisladag project costs incurred to December 31, 2003 of \$10,120 were transferred from mineral properties and deferred development to property, plant and equipment.

### 05

#### Asset Retirement Obligation

In 2003, the Company obtained an independent study to evaluate the fair value of the expected closure costs of the Company's São Bento mine. The total undiscounted amount of the estimated closure costs as determined by the study total \$9,822. In assessing the carrying amount for the asset retirement obligation management used the following key assumptions in deriving our reported figures.

Mine closure date: December 31, 2007

Credit adjusted risk-free rate: 6%

At the present time, the Company has concluded that there are no asset retirement obligations associated with the Turkish properties.

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

### NOTE

## 06 Deferred Loss

The deferred loss is a result of liquidating the Company's hedge position and was accounted for as an adjustment to revenue in 2004.

## 07 Share Capital

### (a) Authorized and Issued Share Capital

Eldorado's authorized share capital consists of an unlimited number of voting and non-voting common shares with no par value. At December 31, 2004 the Company has nil non voting shares outstanding. The details of the voting common shares issued and outstanding are as follows:

2003	Shares Issued	Amount
Shares at beginning of the year	206,204,010	\$ 366,046
Shares for exercised stock options	3,189,500	1,301
Shares for cash consideration - Financing	25,000,000	52,822
Shares for cash consideration - Warrants	19,567,666	24,496
Shares at December 31, 2003	253,961,176	\$ 444,665
2004		
Shares at beginning of the year	253,961,176	\$ 444,665
Shares for exercised stock options	1,592,500	1,536
Shares for cash consideration - Financing	20,700,000	62,140
Shares for cash consideration - Warrants	10,100	32
Shares at December 31, 2004	276,263,776	\$ 508,373

On August 25, 2003, the Company completed a financing of 25,000,000 units at a price of Cdn\$3.10 per unit with a syndicate of underwriters for gross proceeds of Cdn\$77,500,000 (\$55,320). Net proceeds after payments of all expenses relating to the offering were Cdn\$73,999,000 (\$52,822). Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of Cdn\$4.10 until August 25, 2004. On August 16, 2004 the warrants were extended to expire on August 25, 2005.

During 2003 a total of 19,567,666 shares were issued for the exercise of warrants. A total of 19,520,416 shares were issued for the exercise of warrants from the December 23, 2002 financing. Proceeds of \$24,352 were received and 65,950 warrants expired unexercised. A total of 47,250 shares were issued upon exercise of the warrants issued with the August 25, 2003 financing and proceeds of \$144 were received, 12,452,750 warrants remain outstanding at December 31, 2003.

During 2004 an additional 10,100 shares were issued for the above warrants and proceeds of \$32 were received, 12,442,650 warrants remain outstanding at December 31, 2004.

On November 12, 2004, the Company completed a financing of 20,700,000 shares at a price of Cdn\$3.75 per share with a syndicate of underwriters for gross proceeds of Cdn\$77,625,000 (\$65,083). Net proceeds after payments of all expenses relating to the offering were Cdn\$74,103,000 (\$62,140).

### (b) Share option plan

As at December 31, 2004, the Company has a share option plan as described below. The Company accounts for its grants under those plans in accordance with the fair value based method of accounting for stock based compensation. Compensation costs charged against net income in 2004 for the plans were \$3,720.

The Company established a share option plan (the "Plan") in June 1994. Amendments to the Plan were approved in June 1995, June 1996, May 2000 and May 2004. The Board of Directors administered the Plan whereby from



For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

07

continued

time to time, share option grants were provided for up to a total of 12,741,463 share options to directors, officers, employees, consultants or advisors.

At the Annual Meeting of Shareholders held on April 30, 2003, the Company received approval from the shareholders for the implementation of a share option plan to provide for grants of options to officers and directors of the Company separate from the Plan.

The shareholders resolved that the Plan be amended to remove the eligibility of directors and officers of the Company for grants of share options under the Plan. A separate share option plan for Officers and Directors was established (the "D & O Plan").

### The Plan

The Board of Directors administers the Plan, whereby it may from time to time grant share options to employees, consultants or advisors of the Company. Under the Plan 12,741,463 Common Shares (the "Optioned Shares") are reserved, set aside and made available for issue provided that in no event shall options be granted entitling any single individual to purchase in excess of one half of one percent (0.5%) of the then outstanding common shares. All share options granted under the Plan shall expire not later than tenth anniversary of the date the options were granted. The exercise price of an option is determined by the Board of Directors, but shall not be less than the quoted price of the common shares of the Company on the Toronto Stock Exchange on the last business day before the date on which the option is granted.

### The D & O Plan

The Board of Directors administers the D & O Plan, whereby it may from time to time grant share options to directors & officers of the Company. Under the D & O Plan 7,000,000 common shares are reserved, set aside and made available for issue. The total number of shares that may be reserved for issuance to any one optionee pursuant to options shall not exceed 1% of the shares of the Company outstanding on a non-diluted basis on the grant date of the options. All share options granted under the D & O Plan shall expire not later than tenth anniversary of the date the options were granted. The exercise price of an option is determined by the Board of Directors, but shall not be less than the quoted price of the common shares of the Company on the Toronto Stock Exchange on the last business day before the date on which the option is granted.

A summary of the terms and status of Company's outstanding options at December 31, 2004 and 2003 and the changes for the years ending on those dates is presented below:

OPTIONS (Cdn\$)	Outstanding Options	Weighted-Average Exercise Price
2003		
Outstanding options as at January 1, 2003	4,425,000	\$ 0.58
Granted	2,120,000	2.58
Exercised	(3,189,500)	0.58
Outstanding options as at December 31, 2003	3,355,500	\$ 1.82
Exercisable options as at December 31, 2003	2,593,833	\$ 1.47
2004		
Outstanding options as at January 1, 2004	3,355,500	\$ 1.82
Granted	3,875,000	3.67
Exercised	(1,592,500)	1.25
Outstanding options as at December 31, 2004	5,638,000	\$ 3.25
Exercisable options as at December 31, 2004	4,729,666	\$ 3.21

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

### NOTE

**07**  
continued

The following table summarises information about share options granted during the twelve months ended December 31, 2004:

Shares	Weighted-Average Exercise Price Cdn \$
3,390,000	3.70
120,000	3.75
175,000	3.05
190,000	3.74
3,875,000	3.67

As at December 31, 2004, options to purchase up to 4,831,821 (December 31, 2003 – 6,165,358) shares remained available to be granted under both Plans. Summaries of the Company's options outstanding, exercise prices and expiry dates are presented below.

#### STOCK OPTIONS (Cdn\$)

Range of Exercise Prices (\$)	Number Outstanding at December 31, 2004	Weighted-Average Life Remaining (years)	Weighted-Average Exercise Price (\$)
Less than 0.41	45,000	1.74	0.25
0.51 to 0.60	50,000	1.41	0.51
0.61 to 0.70	100,000	2.15	0.70
0.71 to 0.80	79,000	1.84	0.72
1.21 to 1.80	195,000	2.73	1.43
1.81 to 2.70	669,000	3.19	1.99
2.71 to 4.05	4,325,000	4.10	3.67
Greater than 4.05	175,000	3.84	4.43
Total	5,638,000	3.82	3.25

#### STOCK OPTIONS (Cdn\$)

Range of Exercise Prices (\$)	Number Outstanding at December 31, 2003	Weighted-Average Life Remaining (years)	Weighted-Average Exercise Price (\$)
Less than 0.41	160,000	2.77	0.26
0.41 to 0.50	208,000	0.28	0.50
0.51 to 0.60	50,000	2.77	0.51
0.61 to 0.70	205,000	2.43	0.69
0.71 to 0.80	547,500	3.07	0.71
1.21 to 1.80	255,000	3.73	1.43
1.81 to 2.70	1,270,000	4.14	2.02
2.71 to 4.05	485,000	4.75	3.60
Greater than 4.05	175,000	4.84	3.60
Total	3,355,500	3.62	1.82

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

**07**  
continued

Prior to 2003 the Company did not recognize expense for the fair value of options granted to employees and directors. Had the Company determined compensation costs based on the fair value at the grant dates for those share options consistent with the fair value method of accounting for stock based compensation, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

		December 31, 2002	
Net earnings for the period	As reported	\$	1,778
	Pro forma	\$	1,302
Basic and diluted earnings per share	As reported	\$	0.01
	Pro forma	\$	0.01

The fair values of options included in the pro forma amounts presented above and used in the determination of compensation cost for 2003 and 2004 have been estimated using an option-pricing model. Assumptions used in the pricing model are as follows:

	December 31, 2004	December 31, 2003	December 31, 2002
Average risk-free interest rate	Ranging from 2.5% to 3.5%	Ranging from 3.76% to 4.32%	Ranging from 4.24% to 4.71%
Expected life	3 years	5 years	5 years
Expected Volatility	50%	50%	50%
Expected dividends	nil	nil	nil

The following table summarizes information about the warrants outstanding as at December 31, 2004 and 2003.

	Outstanding Warrants	Weighted-Average Exercise Price (Cdn\$)
Warrants outstanding at January 1, 2003	19,586,368	1.68
Granted during - 2003	12,500,000	4.10
Exercised	(19,567,668)	1.69
Expired	(65,950)	2.00
Warrants outstanding and exercisable at December 31, 2003	12,452,750	4.10
Warrants outstanding at January 1, 2004	12,452,750	4.10
Granted during - 2004	-	-
Exercised	(10,100)	4.10
Expired	-	-
Warrants outstanding and exercisable at December 31, 2004	12,442,650	4.10

At December 31, 2004 there were 12,442,650 outstanding and exercisable warrants with a weighted average remaining contractual life of 0.65 years.

### (c) Shareholder rights plan

On March 8, 1995, the Board of Directors of Eldorado adopted a Shareholder Rights Plan, which was approved by the shareholders at the Annual General meeting on June 5, 1995. Under the terms of the plan, rights are attached to the common shares. The rights become marketable and exercisable only upon the occurrence of certain specified events. If a person or group acting in concert acquires or announces its intention to acquire 20% or more of the outstanding common shares in a non-permitted bid, each right, on exercise, entitles the holders (other than the acquiring person or group) to purchase common shares of Eldorado at half the current market price per common share.

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

### NOTE

**07**  
continued

The rights are not triggered by a “permitted bid” which is, in effect, a bid made to all shareholders for all of the voting shares by way of a bid circular. Such an offer must remain outstanding for at least 75 days and must be accepted by shareholders holding at least 50% of the outstanding shares that are not held by the bidder. At any time prior to the rights becoming exercisable, the Board of Directors may redeem all the rights at \$.00001 per right.

#### (d) Net income (loss) per share

Net income (loss) per share was calculated on the basis of the weighted average number of shares outstanding for the year which amounted to 257,643,212 (2003 – 221,770,349, 2002 – 147,597,481). Diluted net income (loss) per share reflects the dilutive effect of the exercise of stock options and warrants outstanding as at year-end using the treasury stock method. The effect of common stock options and warrants on the net loss per share in 2004 and 2003 was not reflected as to do so would be anti dilutive. The number of shares for the diluted net income per share calculation for 2002 was 149,395,784.

## 08 Financial Instruments

#### Fair value of financial instruments

At December 31, 2004 and 2003, the fair value of cash, and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values.

The aggregate estimated fair value of the Company's investments at December 31, 2004 was \$987 (2003 - \$1,817).

## 09 Taxes

Details of income tax expense related to operations are as follows:

	2004	2003	2002
Income Taxes			
Recovery (Expense)			
Current			
Canada	\$ (26)	\$ (41)	\$ 45
Foreign	1,432	1,148	(1,166)
Future			
Canada	-	-	-
Foreign	(757)	(3,570)	387
	<u>\$ 649</u>	<u>\$ (2,463)</u>	<u>\$ (734)</u>

The reconciliation of the combined Canadian federal and provincial statutory income tax rates to the effective tax rate on earnings before taxes and other items is as follows:

	2004	2003	2002
	%	%	%
Statutory Rate	(35.62)	(37.62)	39.62
Losses not recognized	27.75	45.79	142.43
Foreign income subject to different tax rates	(8.71)	(17.70)	(218.25)
Foreign exchange	26.15	21.37	16.50
Loss not previously recognized	(8.61)	(3.72)	-
Non-deductible expense and other items	(5.41)	(2.33)	48.93
Effective income tax rate	<u>(4.45)</u>	<u>5.79</u>	<u>29.23</u>



For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

### 09 continued

Eldorado and its subsidiaries have tax losses from prior years, which are available to offset taxable income of future years. These tax losses expire as follows:

Year of expiry	2008	2009	2010	2011
Amount	\$ 4,010	\$ 6,725	\$ 5,792	\$ 4,958

In addition, the Brazilian subsidiaries have losses of \$135,602 which can be used to offset taxable income and \$120,511 which can be used to offset income for social contribution tax. These losses have no expiry date and can be used to offset 30% of income in any one year.

Significant components of Eldorado's future income tax assets (liability) at December 31 were as follows:

	2004	2003
Tax losses	\$ 53,634	\$ 59,010
Liabilities	(3,062)	(3,840)
Mineral properties	7,705	5,127
Capital assets	9,090	12,671
Undistributed earnings of a subsidiary	(271)	(260)
Other	4,032	2,749
	\$ 71,128	\$ 75,457
Valuation allowance	(75,726)	(79,287)
Future income tax liability	\$ (4,598)	\$ (3,830)

### 10 Commitments and Contingencies

The Company had contractual obligations at December 31, 2004, including payments due for each of the periods indicated, are summarized as follow:

CONTRACTUAL OBLIGATIONS	Payments due in						Total
	2005	2006	2007	2008	2009	2010 +	
Operating leases	\$ 279	\$ 216	\$ 171	\$ 171	\$ 175	\$ 950	\$ 1,962
Capital expenditures	18,320	-	-	-	-	-	18,320
Purchases obligations	8,082	6,607	6,607	6,209	-	-	27,505
Total	\$ 26,681	\$ 6,823	\$ 6,778	\$ 6,380	\$ 175	\$ 950	\$ 47,787

### 11 Guarantee

São Bento Mineração has made a guarantee deposit of approximately \$529 relating to a tax case. The Company estimates that this amount will be refunded once the tax case has been settled.

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

### NOTE

## 12 Segmented Information

All of Eldorado's operations are related to the gold mining industry. In 2004, 2003 and 2002 Eldorado had a single producing mine, São Bento with mining and exploration assets located in South America and Turkey. In 2003, the Company began exploration activities in China.

	Twelve months ended December 31,		
	2004	2003	2002
Gold sales			
São Bento Mine	\$ 33,153	\$ 36,814	\$ 34,051
	33,153	36,814	34,051
Operating costs			
São Bento Mine	32,459	22,604	19,027
Accretion of asset retirement obligation	430	406	383
	32,889	23,010	19,410
Depletion, depreciation and amortization			
São Bento Mine	4,333	10,192	9,396
	4,333	10,192	9,396
Corporate expenses, net of interest and other income	(2,696)	2,250	(1,498)
(Loss) gain on settlement of convertible debenture	-	(227)	463
Stock based compensation expense	(3,720)	(1,418)	-
Exploration expense	(4,136)	(1,956)	(1,078)
Writedown of assets	-	(44,645)	(415)
Gain (loss) on disposals of property, plant and equipment	30	(186)	(205)
(Loss) profit before income taxes	(14,591)	(42,570)	2,512
Tax recovery (expense)			
Current	1,406	1,107	(1,121)
Future	(757)	(3,570)	387
Net (loss) income for the year	\$ (13,942)	\$ (45,033)	\$ 1,778

	Year ended December 31,		
	2004	2003	2002
Segment assets			
São Bento - Consolidated	\$ 91,877	\$ 43,408	
Total assets for reportable segments	91,877	43,408	
Turkey - Consolidated	55,089	37,174	
Canada	79,293	91,377	
	\$ 226,259	\$ 171,959	
Revenues by geographic area			
North America	\$ (1,664)	\$ 1,216	\$ 108
South America	(34,104)	36,993	39,184
Turkey	(147)	20	4
	\$ (35,915)	\$ 38,229	\$ 39,296
Net (loss) income by geographic area			
North America	\$ (8,031)	\$ 1,273	\$ (4,971)
South America	(4,326)	(40,628)	7,279
Turkey	(1,585)	(5,678)	(530)
	\$ (13,942)	\$ (45,033)	\$ 1,778
Assets by geographic area			
North America	\$ 79,293	\$ 91,377	
South America	91,877	43,408	
Turkey	55,089	37,174	
	\$ 226,259	\$ 171,959	

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

## 13 Supplementary cash flow information

The Company conducted non-cash investing and financing activities as follows:

	2004	2003	2002
Financing activities			
Long term debt fee accrual	\$ -	\$ -	\$ 56
Settlement of convertible debentures and accrued interest in exchange for shares	\$ -	\$ -	\$ 1,686

## 14 Significant differences from United States accounting principles

Canadian generally accepted accounting principles (Canadian GAAP) vary in certain significant respects from the principles and practices generally accepted in the United States (U.S. GAAP). The effect of the principal measurement differences on the Company's consolidated financial statements are quantified below and described in the accompanying notes:

	Twelve months ended December 31,		
	2004	2003	2002
Net (loss) earnings for the period reported under Canadian GAAP	\$ (13,942)	\$ (45,033)	\$ 1,778
Add (deduct)			
Property, plant and equipment costs (a)	-	14,915	(14,915)
Exploration costs (a)	(509)	671	(2,285)
Deferred gain amortization - Canadian GAAP (b)	-	-	(2,395)
Forward gold sales contracts - U.S. GAAP (b)	-	-	1,869
Accretion on convertible debentures (c)	-	127	177
Accretion on asset retirement obligation - U.S. GAAP (d)	-	-	383
Depletion, depreciation and amortization (d)	-	-	362
Future income tax	-	-	(387)
Loss (gain) on settlement of convertible debentures - Canadian GAAP (c)	-	227	(463)
Net (loss) earnings before change in accounting policy	\$ (14,451)	\$ (29,093)	\$ (15,876)
Cumulative effect adjustment - asset retirement obligation (d)	-	(1,020)	-
Net (loss) earnings for the period under U.S. GAAP before extraordinary items	\$ (14,451)	\$ (30,113)	\$ (15,876)
Gain on settlement of convertible debentures - U.S. GAAP (c)	-	-	294
Net (loss) earnings for the period after extraordinary items but before comprehensive income adjustments	\$ (14,451)	\$ (30,113)	\$ (15,582)
Net (loss) earnings per common share - U.S. GAAP before and after extraordinary items			
Basic and diluted	\$ (0.06)	\$ (0.14)	\$ (0.10)
Other comprehensive income			
Opening balance	\$ 233	\$ 1,957	\$ 5,195
Gold sales contracts (b)	-	(2,286)	(3,238)
Unrealized gain on investments (f)	-	562	-
Closing balance	\$ 233	\$ 233	\$ 1,957

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

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continued

	Year ended December 31,		
	2004	2003	2002
Shareholders' equity reported under Canadian GAAP	\$ 206,961	\$ 153,475	\$ 118,471
Cumulative adjustments to shareholders' equity add (deduct)			
Property, plant and equipment costs (a)	-	-	(14,915)
Exploration costs (a)	(15,874)	(15,365)	(16,036)
Forward gold sales contracts (b)	-	-	-
Deferred gain (loss) on gold sales contracts (b)	-	(329)	1,957
Accretion on convertible debentures (c)	-	1,036	909
Contributed surplus	-	(1,094)	-
Equity portion of convertible debentures (c)	-	-	(1,094)
Loss (gain) on settlement of convertible debentures - Canadian GAAP (c)	-	(236)	(463)
Gain on settlement of convertible debentures - U.S. GAAP (c)	-	294	294
Asset retirement obligation (d)	-	-	1,020
Unrealized gain (loss) on investments (f)	(237)	562	-
Future income tax	-	-	-
Shareholders' equity under U.S. GAAP	<u>\$ 190,850</u>	<u>\$ 138,343</u>	<u>\$ 90,143</u>
Total assets reported under Canadian GAAP	\$ 226,259	\$ 171,959	\$ 142,411
Add (deduct)			
Property, plant and equipment costs (a)	-	-	(17,194)
Exploration costs (a)	(15,874)	(15,365)	(16,036)
Forward gold sales contracts (b)	-	-	-
Investments (f)	(237)	562	-
Total assets under U.S. GAAP	<u>\$ 210,148</u>	<u>\$ 157,156</u>	<u>\$ 109,181</u>
Total liabilities reported under Canadian GAAP	\$ 19,298	\$ 18,484	\$ 23,940
Add (deduct)			
Deferred gain on gold sales contracts (b)	-	329	(1,957)
Convertible debentures (c)	-	-	354
Asset retirement obligation - net (d)	-	-	(3,299)
Future income tax	-	-	-
Total liabilities under U.S. GAAP	<u>\$ 19,298</u>	<u>\$ 18,813</u>	<u>\$ 19,038</u>



For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

## NOTE

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continued

	Year ended December 31,		
	2004	2003	2002
Cash flows from operating activities			
Net earnings (loss) under Canadian GAAP	\$ (10,426)	\$ 3,646	\$ 9,288
Exploration costs	(509)	(3,604)	(2,285)
Cash flows from operating activities under U.S. GAAP	\$ (10,935)	\$ 42	\$ 7,003
Cash flows from investing activities under Canadian GAAP	\$ (22,918)	\$ (14,191)	\$ (7,043)
Exploration costs	509	3,604	2,285
Cash flows from investing activities under U.S. GAAP	\$ (22,409)	\$ (10,587)	\$ (4,758)
Cash flows from financing activities under Canadian and U.S. GAAP	\$ 63,708	\$ 71,469	\$ 32,395
Foreign exchange loss on cash held in foreign currency	\$ (439)	\$ 6,914	\$ (1,765)
Increase (decrease) in cash and cash equivalents	\$ 29,925	\$ 67,838	\$ 32,875
Cash and cash equivalents - Beginning of period	105,465	37,627	4,752
Cash and cash equivalents - End of period	\$ 135,390	\$ 105,465	\$ 37,627
Additional supplementary cash flow information			
Forward gold sales contracts	\$ -	\$ -	\$ 100

## a) Property, plant and equipment and exploration costs

Exploration costs are accounted for in accordance with Canadian GAAP as disclosed in Note 2. For U.S. GAAP purposes, the Company expenses all exploration costs incurred relating to unproven mineral properties. When proven and probable reserves are determined for a property and upon completion of a feasibility study, subsequent exploration and development costs on the property are capitalized.

In 2003 the Company reported a write-down under Canadian GAAP at its São Bento mine. In 2002 the Company recorded a write down at its São Bento mine of \$14,915 due to the exclusion of inferred resources per SFAS 144 which was reversed in 2003.

## b) Forward gold sales contracts and foreign exchange purchase commitments

## Derivative instruments

For U.S. GAAP, the Company adopted Statement of Financial Accounting Standards No. 133 (SFAS No. 133) effective January 1, 2001. SFAS No. 133 requires that all derivatives be recorded on the balance sheet as either assets or liabilities at their fair value. Changes in a derivative's fair value are recognized in the earnings of the current period unless specific hedge accounting criteria are met. Management has currently not designated any of the Company's financial instruments as hedges for U.S. GAAP purposes under SFAS No. 133. Gains from hedges previously closed out are classified in other comprehensive income on transition to SFAS No. 133.

A similar guidance has been introduced in Canada, Accounting Guideline 13, "Hedging Relationships", (AcG 13) which is effective for the years beginning July 1, 2003. AcG 13 addresses the identification, designation, documentation, and effectiveness of hedging transactions for the purposes of applying hedge accounting. It also establishes conditions for applying or discontinuing hedge accounting. Under the new guideline, the Company will

## Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

### NOTE

**14**  
continued

be required to document its hedging transactions and explicitly demonstrate that the hedges are sufficiently effective in order to continue accrual accounting for positions hedged with derivatives. The effect of adopting this guideline has not yet been determined.

#### c) Convertible debentures

Canadian GAAP requires that a portion of the convertible debentures be classified as equity. The difference between the carrying amount of the debentures and their face value is accreted over the life of the debt and charged to earnings (loss) for the year. Under U.S. GAAP the debentures would be classified as a liability at their face value.

A portion of the convertible debentures was settled during 2002, resulting in a gain of \$463 under Canadian GAAP. Under U.S. GAAP, the gain on settlement would have been \$294 and would be classified as an extraordinary item. During 2003 the outstanding balance was paid resulting in a loss of \$227 under Canadian GAAP. Under US GAAP there would be no gain or loss on repayment of the outstanding convertible debentures.

#### d) Asset retirement obligation

SFAS No. 143, "Accounting for Asset Retirement Obligations" was issued in June 2001. This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. FAS 143 requires no restatement of prior year balances and the cumulative effect is included in the net loss for the year. Under SFAS 143, the cumulative effect for the change in accounting policy is recorded into loss for the period.

#### e) Investments

Under US GAAP, marketable securities would be divided between held-to-maturity securities and available-for-sale securities. These securities classified as available-for-sale would be recorded at market value and the unrealized gain or loss would be recorded as a separate component of shareholders equity.

#### f) New accounting pronouncements

In January 2003, the Financial Accounting Standards Board or "FASB" issued Interpretation No. 46, Consolidation of Variable Interest Entities, and an Interpretation of Accounting Research Bulletin No. 51 ("FIN 46"). FIN 46 establishes accounting guidance for consolidation of variable interest entities by the primary beneficiary. FIN 46 applies to any business enterprise, public or private, that has a controlling interest, contractual relationship or other business relationship with a variable interest entity. In December 2003, the FASB issued Interpretation No. 46R ("FIN 46 R") which supersedes FIN 46 and is effective for all Variable Interest Entities ("VIEs") created after February 1, 2003 at the end of the first interim or annual reporting period ending December 15, 2003. FIN 46R is applicable to all VIEs created prior to February 1, 2003 by public entities at the end of the first interim or annual reporting period ending after March 15, 2004. The Company has determined that it has no VIEs.

In December 2004, the FASB issued SFAS 153 – Exchanges of Non-Monetary Assets – An amendment of APB 29. This statement amends APB 29, which is based on the principle that exchanges of non-monetary assets should be measured at the fair value of the assets exchanged with certain exceptions. SFAS 153 eliminates the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for non-monetary asset exchanges occurring in fiscal periods beginning on or after June 15, 2005.

The Emerging Issues Task Force ("EITF") formed a committee ("Committee") to evaluate certain mining industry accounting issues, including issues arising from the application of SFAS No. 141, "Business Combinations" ("SFAS No. 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") to business combinations within the mining industry, accounting for goodwill and other intangibles and the capitalization of costs after the commencement of production, including deferred stripping. The issues discussed also included whether

For The Years Ended December 31, 2004, 2003 and 2002 (Expressed in thousands of U.S. dollars except per share amounts)

NOTE

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continued

mineral interests conveyed by leases represent tangible or intangible assets and the amortization of such assets. The EITF reached a consensus, subject to ratification by the Financial Accounting Standards Board ("FASB"), that mineral interests conveyed by leases should be considered tangible assets. The EITF also reached a consensus, subject to ratification by the FASB, on other mining related issues involving impairment and business combinations.

The FASB ratified the consensus of the EITF on other mining related issues involving impairment and business combinations. The FASB also ratified the consensus of the EITF that mineral interests conveyed by leases should be considered tangible assets subject to the finalization of a FASB Staff Position ("FSP") in this regard. These issues did not have an impact on the Company's financial statements since it did not change its accounting. The FASB also issued a FASB Staff Position ("FSP") amending SFAS No. 141 and SFAS No. 142 to provide that certain mineral use rights are considered tangible assets and that mineral use rights should be accounted for based on their substance. The FSP is effective for the first reporting period beginning after April 29, 2004, with early adoption permitted. This FSP did not have an impact on the Company's financial statements. Management's Discussion & Analysis of Financial Condition and Results of Operations.

## Consolidated Financial Information

December 31, 2004, 2003, 2002, and 2001

(Expressed in thousands of U.S. dollars except per share and per ounce amounts)

	2004	2003	2002	2001
<b>BALANCE SHEET</b>				
Working capital (deficiency)	\$ 144,017	\$ 107,137	\$ 36,648	\$ (4,379)
Total Assets:	226,259	171,959	142,411	112,884
Property, plant and equipment	52,337	23,784	64,382	66,495
Mineral properties and deferred development	22,676	32,287	32,958	30,673
Total liabilities	19,298	18,484	23,940	44,863
Long term debt	-	-	-	9,103
Share capital	514,605	447,177	367,140	317,806
Total liabilities and shareholder's equity	226,259	171,959	142,411	112,222
<b>EARNINGS</b>				
Revenues	\$ 35,915	\$ 38,229	\$ 39,296	\$ 35,387
Gross profit	(975)	5,304	9,570	2,588
Exploration expense	(4,136)	(1,956)	(1,078)	(508)
General and administrative	(5,531)	(4,961)	(3,238)	(3,296)
Interest and financing costs	(25)	(569)	(1,156)	(2,655)
Stock based compensation expense	(3,720)	(1,418)	-	-
Accretion of assets retirement obligation	(430)	(406)	(383)	(361)
Foreign exchange gain (loss)	196	6,494	(1,046)	(173)
(Loss) gain on settlement of convertible debenture	-	(227)	463	-
Writedown of assets	-	(44,645)	(415)	(24)
(Loss) gain on disposals of property, plant and equipment	30	(186)	(205)	74
Reorganization and closure costs	-	-	-	(406)
Tax recovery (expense)				
Current	1,406	1,107	(1,121)	(155)
Future	(757)	(3,570)	387	465
Net (loss) income	\$ (13,942)	\$ (45,033)	\$ 1,778	\$ (4,451)
Deficit at the beginning of the year				
As previously reported	(293,702)	(247,649)	(249,785)	(245,389)
Change in accounting policy	-	(1,020)	(662)	(607)
As restated	(293,702)	(248,669)	(250,447)	(245,996)
Deficit at the end of the year	\$ (307,644)	\$ (293,702)	\$ (248,669)	\$ (250,447)
Basic (loss) income per share	\$ (0.05)	\$ (0.20)	\$ 0.01	\$ (0.04)
Weighted Average Number of shares outstanding	257,643,212	221,770,349	147,597,481	99,736,407



December 31, 2004, 2003, 2002, and 2001

(Expressed in thousands of U.S. dollars except per share and per ounce amounts)

	2004	2003	2002	2001
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Cash (used) flow from operations	\$ (10,426)	\$ 3,646	\$ 9,288	\$ 13,029
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Property, plant and equipment	(22,772)	(9,391)	(5,334)	(4,513)
Proceeds from disposals of property, plant and equipment	357	-	64	231
Mineral properties and deferred development	(573)	(3,604)	(2,285)	(1,231)
Investment and advances	-	(1,196)	37	61
Proceeds from disposals of investments and advances	70	-	-	70
Restricted cash	-	-	475	6,578
	(22,918)	(14,191)	(7,043)	1,196
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short and long term debt, net	-	-	(15,476)	(10,660)
Repayment of convertible debentures	-	(7,150)	-	-
Issue of common shares	63,708	78,619	47,966	5
Other assets and deferred charges	-	-	(95)	(295)
	63,708	71,469	32,395	(10,950)
Effect of exchange rates	(439)	6,914	(1,765)	(823)
Increase (decrease) in cash	\$ 29,925	\$ 67,838	\$ 32,875	\$ 2,452
<b>MINING OPERATIONS</b>				
Production:				
Gold - (oz.)				
Ounces production	82,024	95,049	103,533	102,841
Ounces sold	81,913	95,544	99,659	105,349
Average selling price realized (\$/ oz.) - Sold	409	361	306	299
Total cash cost (\$/ oz.)	302	241	189	221

## Corporate Information

### DIRECTORS

**Hugh C. Morris (1)**  
Delta, BC  
Non-executive Chairman of the Board

**John S. Auston (2)**  
West Vancouver, BC

**K Ross Cory (1)**  
Vancouver, BC

**Robert R. Gilmore (1) (2)**  
Denver, Colorado, USA

**Wayne D. Lenton (2)**  
Tuscon, Arizona, USA

**Paul N. Wright**  
Bowen Island, B.C.  
President & Chief Executive Officer  
Eldorado Gold Corporation

Committees of the Board of Directors  
(1) Audit Committee  
(2) Compensation Committee

### OFFICERS

**Paul N. Wright**  
President & Chief Executive Officer

**Earl W. Price**  
Chief Financial Officer

**Dawn L. Moss**  
Corporate Secretary

**Norm S. Pitcher**  
Vice President Exploration &  
Corporate Development

**Berne Jansson**  
Vice President, Operations

### MANAGERS

**Project Development**  
Dale Churcher, Manager, Project  
Development

**Brazil Operations**  
Lincoln Silva  
General Manager, São Bento  
Mineração S.A.

**Sergio Martins**  
Director, Exploration & Geology  
São Bento Mineração S.A.

**Turkey**  
Dave Bickford  
General Manager, Tüprag Metal  
Madencilik Sanayi ve Ticaret Limited  
Şirketi

**Umit Akdur**  
Administration Manager, Tüprag Metal  
Madencilik Sanayi ve Ticaret Limited  
Şirketi

**John Timmons**  
General Manager, Kisladag

### CORPORATE OFFICES

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E-mail: [info@eldoradogold.com](mailto:info@eldoradogold.com)

**Brazil**  
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São Bento Mine  
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Fax: 55-31-3837-1670

**Turkey**  
Tüprag Metal Madencilik San ve  
Tic.Ltd.Sti.,  
Iran Caddesi Turan Emeksiz Sok.No:1  
06700 Gaziosmanpasa  
Ankara, Turkey  
Tel: 90-312-468-4536  
Fax: 90-312-468-2646

**China**  
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Tel: 86-10-6410-6059  
Fax: 86-10-6410-6010

### LEGAL COUNSEL

**Fasken Martineau DuMoulin LLP**  
Vancouver, BC Canada

**Dorsey & Whitney LLP**  
Seattle, WA USA

### AUDITORS

**PricewaterhouseCoopers, LLP**  
Chartered Accountants  
Vancouver, BC Canada

### SHAREHOLDER INFORMATION

**Transfer Agent**  
Computershare Trust Company  
of Canada  
Vancouver, BC Canada  
Computershare Trust Company  
Golden, CO USA

**Stock Exchange**  
The Toronto Stock Exchange  
Stock Symbol: ELD  
The American Stock Exchange  
Stock Symbol: EGO

**Sources of Shareholder Information**  
The Annual Report is one of  
several sources of information  
for shareholders of Eldorado  
Gold Corporation common shares.

Other sources include:

The unaudited comparative  
interim financial statements  
published quarterly.

The Management Proxy  
Circular describing the matters  
to be considered at the  
Annual Meeting of  
Shareholders.

The Annual Information Form  
+ 40F and other corporate and  
continuous disclosure documents  
available on the Company's  
website, CDS SEDAR website  
([www.sedar.com](http://www.sedar.com)), and the US  
Securities and Exchange  
Commission EDGAR website  
([www.edgar-online.com](http://www.edgar-online.com)).

**Website Address:**  
[www.eldoradogold.com](http://www.eldoradogold.com)

**Investor Relations:**  
Nancy Woo  
[info@eldoradogold.com](mailto:info@eldoradogold.com)



**MINERAL RESERVES & RESOURCES.** The terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" used in this report are Canadian mining terms as defined in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves. Definitions and guidelines were adopted by the CIM Council on August 20, 2000. In the United States, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made.

The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource", and "Inferred Mineral Resource" used in this report are Canadian mining terms as defined in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects under the guidelines set out in the CIM Standards.

Note to U.S. Investors. While the terms "mineral resource", "measured mineral resource", "indicated mineral resource", and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined terms under standards in the United States. As such, information contained in this report concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by the U.S. Securities and Exchange Commission. "Indicated mineral resource" and "inferred mineral resource" have a great amount of uncertainty as to their existence and a great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

**FORWARD-LOOKING STATEMENTS.** This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning Eldorado Gold Corporation's plans at its properties, plans related to its business, future prospects and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Specific reference is made to "Narrative Description of the Business – Risk Factors" in the Company's Annual Information Form. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and Eldorado Gold undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements. We do not expect to update forward-looking statements continually as conditions change and you are referred to the full discussion of the Company's business contained in the Company's reports filed with the securities regulatory authorities.



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